GOVERNMENT OF INDIA
AGRO AND RURAL INDUSTRIES
LOK SABHA

UNSTARRED QUESTION NO:4306
ANSWERED ON:21.04.2003
VAT EXEMPTION FOR KHADI PRODUCTS
A.K. PREMAJAM;K. MURALEEDHARAN

Will the Minister of AGRO AND RURAL INDUSTRIES be pleased to state:

(a) whether Khadi and Village Industries has sought exemption for its products from the Value Added Tax (VAT) and other State Taxes;

(b) if so, the details thereof;

(c) whether certain States like Kerala, Rajasthan etc. have requested for VAT exemption for Khadi products;

(d) if so, the details thereof, State-wise; and

(e) the response of the Government on each such request?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) IN THE MINISTRY OF AGRO AND RURAL INDUSTRIES (SHRI SANJAY GAUTAM)

(a) & (b): Yes, Sir. Khadi and Village Industries Commission (KVIC) has requested the Chief Ministers of all States/UTs for exempting Khadi and Village Industries (KVI) products from State taxes/VAT. Further, KVIC is pursuing with the Empowered Committee of State Finance Ministers, (Monitoring Tax Reforms including VAT), Ministry of Finance, to exempt all KVI products from Value Added Tax (VAT).

(c) & (d): Yes, Sir. There is a broad agreement on this amongst States.

(e): Final response to the above request is awaited from the Empowered Committee of State Finance Ministers, (Monitoring Tax Reforms including VAT), Ministry of Finance.